

**FILED**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NORTH CAROLINA  
RALEIGH DIVISION**

**APR 06 1999**

PEGGY B. DEANS, CLERK  
U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF N.C.

**IN THE MATTER**

**CASE NO. 98-02675-5-ATS**

**-OF-  
INTERNATIONAL HERITAGE, INC.  
Debtor**

**CHAPTER 7**

**BANKRUPTCY ADMINISTRATOR'S OBJECTION TO THE MOTION FOR  
ORDER DETERMINING WHETHER COUNSEL SHOULD WITHDRAW**

Now comes the Bankruptcy Administrator and herewith respectfully requests that a hearing be conducted on the relief requested in the Motion for Order Determining Whether Counsel Should Withdraw filed by Terri L. Gardner, counsel of record for the Debtor and in support of this request shows the court the following:

1. Terri L. Gardner and the law firm of Smith Debnam Narron & Myers are counsel of record for the debtor in this proceeding and the debtor in the related proceeding of International Heritage Incorporated 98-02674-5-ATS. Ms. Gardner filed the cases on behalf of the debtors and received a retainer of \$15,000.00. Ms. Gardner states that most of the work that she was hired to perform has been completed and she implies that her services, for which she was paid \$15,000.00, are no longer required.

2. Since the filing of the case by Ms. Gardner, her firm has decided to merge with the firm of Wyche & Story. N. Hunter Wyche, Jr., a member of the latter firm, has been retained to represent Stanley Van Etten, an officer of the debtor. The Chapter 7 Trustee, Holmes P. Harden, is investigating certain transactions between the debtors and Van Etten and may bring avoidance actions against Mr. Van Etten. The interests of Mr. Van Etten and the estates as to these matters are adverse. Representation of Van Etten by a member of Ms. Gardner's firm would constitute an impermissible conflict of interest.

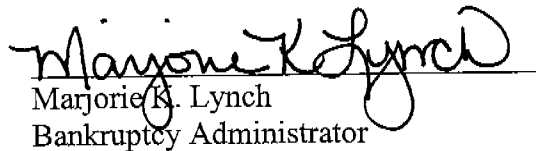
3. It should be noted that Mr. Brent Wood has represented Mr. Van Etten throughout the course of these cases. Further, Mr. Wood has filed various pleadings, including adversary proceedings in the bankruptcy court and has been actively

representing Mr. Van Etten in many of the related matters arising in connection with the bankruptcy proceeding.

4. The Bankruptcy Administrator believes that it is inappropriate for Mr. Wyche and Ms. Gardner to continue to represent their respective clients in this case, given the conflict of interest between the bankruptcy estates, and Mr. Van Etten, Mr. Wyche's client. The Bankruptcy Administrator objects to the withdrawal of Ms. Gardner as counsel for the debtors in light of the investment made by the estate in Ms. Gardner in both financial and informational terms.

Wherefore, the Bankruptcy Administrator respectfully requests that the court conduct a hearing on the Motion for Order Determining Whether Counsel Should Withdraw and other relief as the court deems just and proper.

Respectfully submitted, this the 16<sup>th</sup> day of April 1999.

  
Marjorie K. Lynch  
Bankruptcy Administrator

Post Office Box 3039  
Raleigh, North Carolina 27602  
(919) 856-4886

**CERTIFICATE OF SERVICE**

I, Marjorie K. Lynch, of Post Office Box 3039, Raleigh, North Carolina, 27602, certify that I am, and at all times hereinafter mentioned was, more than eighteen (18) years of age; and that on 6<sup>th</sup> day of April, 1999, I served copies of the foregoing document on the following:

N. Hunter Wyche, Jr.  
Post Office Drawer 1389  
Raleigh, NC 27602

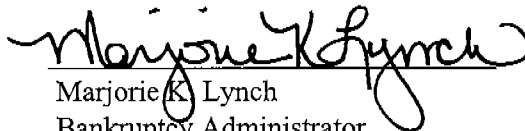
Terri L. Gardner  
Smith Debnam Narron & Myers  
Attorney for International Heritage Inc.  
Post Office Box 26268  
Raleigh, NC 27611-2628

Holmes P. Harden  
Chapter 7 Trustee  
Post Office Drawer 19764  
Raleigh, NC 27619-9764

by depositing a copy thereof in an envelope bearing sufficient postage in the United States mail.

I certify under penalty of perjury that the foregoing is true and correct.

Dated: 4/6/99

  
Marjorie K. Lynch  
Bankruptcy Administrator  
Eastern District of North Carolina  
Post Office Box 3039  
Raleigh, North Carolina 27602-3039